

February 7, 2001

Memorandum of Understanding

Western Integrated Networks and the City of Seattle

This Memorandum of Understanding memorializes the intent of the City of Seattle ("City") and Western Integrated Networks ("WIN") to work together to explore the possible uses of advanced broadband technology for the mutual benefit of the City, WIN and the residents and businesses of the City. The City seeks to explore the use of broadband technology to strengthen the communication of the City with its residents by using innovative ways to enhance civic discourse. The City and WIN agree to explore possible ways to work together to find creative ways to apply new technology to public process. The City hopes to add value to the franchise, increase understanding and support for City programs, increase citizen participation in public policy matters and provide a model for other municipalities seeking maximum public benefit from cable franchises.

WIN brings a large investment, an ambitious technical program, plans to hire hundreds of workers, and a franchise arrangement that will provide substantial benefits to customers and revenues to the City. Thus, the City has a substantial stake in helping WIN succeed in Seattle.

The City acknowledges that WIN's success will hinge in part on the timely execution of its build-out. Therefore the City commits to helping to coordinate City agencies to expedite City services necessary to complete construction. If such assistance requires additional City staff, they will be provided on a net-reimbursable basis to WIN. This document is not intended to create binding legal obligations on either party, but, rather, is to confirm the parties' understandings that each is willing to work in mutual good faith throughout the term of the franchise.

WIN understands that it is very difficult at this time for the City to fully define how the channels and bandwidth being allocated to it through the franchise can best be used. WIN agrees to work cooperatively with the City in the future in an effort to determine how the City can best utilize the allocated channels and bandwidth. WIN agrees to consult and meet with the City of Seattle, and to the extent WIN has resources available to do so, help the City better define how it plans to use the agreed upon channel and bandwidth capacity. The City hopes to develop applications that bring information and City services to the public, applications that explore municipal use of cable and internet for e-commerce and billing, and applications that allow interactive polling and on-line voting.

The City hopes to create an array of municipal services that stretch across technical platforms and technologies: a "Democracy Portal" that will build on Seattle's current successes in new communications strategies and provide the means for citizens to easily and meaningfully interact with their elected officials and decision makers. The City has

an active presence on the Web, with an award winning website attracting nearly 2 million page views per month. The City is also an experienced provider of government access television and is on the forefront of methods to merge the Internet and television as channels for improved citizen participation. The City believes this approach will expand the content and service value of these resources. The City and WIN commit themselves to exploring collaboration on uses of this advanced communications strategy.

The City also recognizes that WIN expects its role to be primarily that of a full telecommunications, video entertainment and Internet service(s) provider through the network that it intends to construct in Seattle; and that other service providers may provide the rich program content which utilizes the advanced features of the WIN platform. The City does not intend to interfere in any way through this Memorandum of Understanding with such relationships. To facilitate collaboration with the City, WIN will assist in the introduction of the City to explore the development of a relationship to further the goals of this Memorandum.

WIN's franchise includes agreement in principle for the interconnection of the City network to the WIN network to facilitate the passage of some services provided by the City. The City will endeavor to continue to expand its web capacity to bring enhanced value to residents, and therefore to WIN customers. The City will review and test mechanisms to increase the user experience, and may include the use of technology best supported by the high-bandwidth capability of the WIN network, which may increase its attractiveness to subscribers.

WIN, if it establishes a system "home page" presence through the Web, will give serious consideration to including linkage to the City of Seattle website for local content, an arrangement that has been demonstrated effective for the @Home network. The City of Seattle in turn will support the use of content from the City of Seattle to the WIN "home page" environment to add to the local experience for subscribers.

The Franchise agreement includes the use of television channels for Public, Education and Government (PEG) programming. As the technical capacity of the interactive television platform matures, the City and WIN will explore possible pilot deployments of interactive capability for government purposes. Both parties recognize that the form and use of interactive television is at a formative stage. The mutual participation in such an effort could take a number of forms to support the Democracy Portal, or might possibly include the use of "instant polling" functions during City deliberative processes and/or the possible delivery of viewer comments, via the interactive television experience. The City will commit to work with WIN and its partners in the development of interactive options to carefully respect any and all system or contractual restraints, set top box technology, programming methods, bandwidth constraints, evolving business plans, that WIN, at its sole option, may decide upon. Early notification to the City of the programming standards and requirements to support the WIN technology may help to facilitate the City as possibly being an early provider of content. It is the hope of the City that the provision of such early interactive content will offer enhanced value for services which will be offered by WIN as a result of its new technology and network to be

deployed within the City The City understands that WIN's assistance must be consistent with its core operational and business needs, taking into account any immediate or potential impact on WIN's network, customers, business plan and strategy. WIN in turn acknowledges that the City seeks to maintain its role in providing its residents access to the most advanced technological services.